



April 28, 2015

Mr. Don LeDuc
President
Thomas M. Cooley Law School
300 South Capital Avenue
Lansing, MI 48901-1586

Certified Mail Return Receipt Requested
7012 1640 0000 0215 9013

RE: **Final Program Review Determination**
OPE ID: 01262700
PRCN: 201140827661

Dear President LeDuc:

The U.S. Department of Education's (Department's) School Participation Team – Chicago/Denver issued a program review report on February 2, 2015 covering Thomas M. Cooley Law School's (Cooley) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 award year. Cooley's final response was received on April 3, 2015. A copy of the program review report (and related attachments) and Cooley's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Cooley upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to close the program review.

Based upon an analysis of the Department's data, the Department determined that Cooley had a significant number of Verification, Satisfactory Academic Progress, and Return of Title IV occurrences. A sample of fifteen files with this characteristic was identified for review from the 2010-11 (year to date) award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed.

Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to

Federal Student

U.S. Department of Education
Washington, DC 20540

individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Cooley's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Cooley of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

Cooley's response satisfactorily resolved all of the file review findings and the school has taken the corrective actions necessary to resolve all findings of the program review report.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Donna Sobie at (312) 730-1714.

Sincerely,

(b)(6)

Douglas A. Parrott
Division Director

Enclosure:

Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Kathleen Conklin, Financial Aid Administrator
Michigan Department of Licensing and Regulatory Affairs
American Bar Association
North Central Association of Colleges and Schools, the Higher Learning Commission
Department of Defense
Department of Veteran's Affairs
Consumer Financial Protection Bureau

Indiana Student

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THE AMERICAN WILD

Prepared for:

Thomas M Cooley Law School

OPE ID: 01262700

PRCN: 201140827661

Prepared by:

U.S. Department of Education

Federal Student Aid

Chicago/Denver School Participation Division

Final Program Review Determination April 28, 2015

Chicago/Denver- School Participation Division
500 West Madison Street, Room 1576, Chicago, IL 60662-4544

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A. Institutional Information

Thomas M. Cooley Law School
300 South Capital Avenue
Lansing, MI 48901

Type: Private Nonprofit

Highest Level of Offering: Post-Baccalaureate

Accrediting Agency: American Bar Association, Higher Learning Commission

Current Student Enrollment: 3,232 (2011)

% of Students Receiving Title IV, HEA funds: 84% (2011)

Title IV, HEA Program Participation (PCNet)

	2010-11
William D. Ford Federal	
Direct Loan Program (Direct Loan)	\$132,620,315
Federal Work Study	\$ 316,097

Default Rate FFEL/DL	2011 2.4%
	2010 3.0%
	2009 2.7%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Thomas M. Cooley Law School (Cooley) from September 13, 2011 to September 15, 2011. The review was conducted by Joseph Massman and David Musser.

The focus of the review was to determine Cooley's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Cooley's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of fifteen files was identified for review from the 2010-11 (year to date) award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Cooley's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Cooley of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Determinations

Resolved Findings

Finding 4: Satisfactory Academic Progress

Cooley has taken the corrective actions necessary to resolve finding #4 of the program review report. Therefore, this finding may be considered closed. Appendix C contains Cooley's written response related to the resolved finding, including a copy of the Satisfactory Academic Progress Policy. The written policy and procedures appear to be adequate to ensure future compliance. The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds. Findings requiring further action by Cooley are discussed below.

Findings with Final Determinations

The program review report finding(s) requiring further action are summarized below. At the conclusion of each finding is a summary of Cooley's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on February 2, 2015 is attached as Appendix B.

Finding 1: Verification Violations

Citation: An institution must require an application whose FAFSA information is selected for verification by the Department to verify certain information 34 C.F.R. § 668.54(a) Student taxes paid and student untaxed income are among the required items that must be verified 34 C.F.R. § 668.56(a)

Noncompliance: The institution failed to properly complete verification for the following 2 students that were selected for verification. A total of 4 of the sampled students were selected for verification, resulting in an error rate of 50%

Student 2

The Form 1040A tax return in the student's file shows \$1,842 for the student's tax paid. However, the 2010-11 ISIR in the student's file incorrectly shows \$4,097 for the student's tax paid

Student 3

The 2010-11 ISIR in the student's file shows zero for student untaxed income. However, the student's file contained a Form 1099-G showing \$20,080 in unemployment income. The first \$2,400 of this unemployment income was untaxed, and therefore should have been verified as untaxed income

Required Action: For student 2, the institution must revise the student's ISIR to reflect the correct amount for student tax paid, and a new needs analysis calculation must be performed to determine if the student's eligibility has changed. For student 3, the institution must revise the student's ISIR to reflect the untaxed unemployment income of \$2,400 as student untaxed income, and a new needs analysis calculation must be performed to determine if the student's eligibility has changed. Further, as the 50% error rate constitutes a systemic finding, Cooley must perform a file review of all students selected by the Secretary for verification for the 2010-11 award year in order to determine if the verifications performed for the students were accurate and resulted in accurate awards. Cooley will be liable for any ineligible funds disbursed to these students if verification results in a change to the student's Expected Family Contribution (EFC). Copies of all documentation to support the completion of verification for these students must be submitted with the institution's response to this program review report

Needs Analysis Instructions

*The 2010/2011 award year is closed; as such, changes to the ISIR cannot be made. Therefore, Cooley must go to the following website and complete a needs analysis calculation for each student selected for verification

<http://www.finaid.org/calculators/finaidestimate.phtml>

Scroll down and selected the most recent award year available. Enter all of the correct ISIR data and then selected "calculate" at the bottom of the page – you do not need to complete the estimated school costs section. Print the final calculation and write the student's name at the top of each page

Cooley must compile the results of its file review in an Excel spreadsheet, as detailed below. (A sample spreadsheet in the required format will be provided upon request.)

1. Student's Name

2. Original EFC
3. Revised EFC
4. Original Subsidized Direct Loan Award
5. Revised Subsidized Direct Loan Award
6. Award difference for Subsidized Direct Loan
7. Original Unsubsidized Direct Loan Award
8. Revised Unsubsidized Direct Loan Award
9. Award difference for Unsubsidized Direct Loan

Students should be listed alphabetically. All loan amounts should reflect the certified amounts, not the disbursed/net amount.

Cooley must collect any missing documentation, as determined by its file review, and perform all required verification and need analyses to confirm each student's eligibility if data was revised as a result of verification. In cases where information on verification worksheets is revised, the changes must be initiated and each required person(s) must sign the worksheets again. The results of the file review are subject to verification by the Department.

The completed spreadsheets must be submitted in an electronic format as part of Cooley's response to this program review report. In addition, copies of the following documents must be submitted for each student selected for verification:

1. Original ISIR
2. Needs Analysis/EFC recalculation
3. Verification Worksheet
4. Income Tax Returns and/or W-2's
5. Other documents collected as a result of verification (letters, citizenship documents, selective service, etc.)

Please e-mail spreadsheets to lylashia.davis@ed.gov and mail paper documents to: U.S. Department of Education, Attention Lylashia Davis, 500 West Madison, Suite 1576, Chicago, IL 60654.

As part of its response to this finding, Cooley must also implement written procedures that address conflicting information and how conflicting information will be resolved. In addition, these procedures must clearly inform the institution's staff that all conflicting information must be resolved prior to disbursing any Title IV, HEA funds. Payment instructions for any liability resulting from this finding will be provided in the Department's Final Program Review Determination Letter.

Cooley's Response: Cooley has reviewed the Department's assessment of the verification process and has taken several steps to respond to the concerns presented in Finding #1 according to 34 C.F.R. § 668.56(a). Cooley has updated its Verification Policy and Procedures. Appendices C and D contains Cooley's written response, spreadsheets, and revised policies.

A review has been performed of the 130 students selected for Verification for the 2010/2011 award year. The finaid.org calculator was used for those who received federal aid. The most recent award year available for the calculations was 2013/14. Because "untaxed unemployment income" was no longer reported in the 2013/2014 award year version, the amount reported is under "other untaxed income and benefits."

The FinAid calculator pages states the Estimated Family Contribution (EFC) formula used in the calculation is an "estimate" and the results should be close to the Federal Methodology (FM).

approved by Congress. Although minor fluctuations were found in FM compared to FinAid calculator, the majority of adjustments did not result in a monetary change to need-based aid eligibility. The FinAid EFC appears to be based on a 9 month calculation. Cooley's loan periods are calculated on an 8 month (two semesters) or 4 month (one semester) calculation based on the school's academic calendar. The calculation for the appropriate EFC adjustment is included on the submitted spreadsheet. Additionally, please note Cooley is a Borrower Based Academic Year (BBAY) school for awarding federal aid.

Results have been compiled in a spreadsheet named "2010-2011 Award Year Students Selected for Verification." Included in the spreadsheet is the Graduate Plus loan information that was requested via email, subsequent to receipt of the Program Review Report.

Below are the responses to the students noted in the finding:

Student 2:

The following adjustment was made based on the team's findings. The student's EFC dropped from \$1,576 to \$488, but the change did not result in additional aid eligibility.

Student 3:

The student, according to Appendix A, referenced in this finding did not receive any unemployment income. Upon receiving documentation from the student indicating she was in the United States on a work permit, it was determined she was not eligible to receive federal aid, and therefore, the verification did not need to be processed.

Final Determination: Cooley has satisfactorily addressed the two students in the finding. For the file review of all students selected for verification, Cooley made appropriate adjustments for all students, thereby resolving the liabilities for the financial loss that would have resulted from the verification violations.

The Verification Policy and Procedures required in response to this finding were received with the institution's response. The written policy and procedures appear to be adequate to ensure future compliance. Cooley acknowledges their responsibility to follow the required steps for all students selected for verification by the Department. Therefore, these findings may be considered closed. Appendices C and D contain Cooley's written response related to the resolved findings, including the summary of the Verification Policy and Procedures.

The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds.

Finding 2: Return of Title IV (R2T4) Calculation Errors

Citation: *When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1)*

When a student provides official notification to the institution of his or her intent to withdraw, the date of this notification is considered the student's date of withdrawal. 34 C.F.R. § 668.22 (c)(1)(ii)

If the total amount of Title IV assistance that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student as of the date of the institution's

determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. 34 C.F.R. § 668 22(a)(4)

If a student does not establish attendance, the institution must return all Title IV, HEA funds that were credited to the student's account. 34 C.F.R. § 668 21 (a)(1)

Noncompliance: *The institution failed to accurately complete R2T4 calculations for the following 3 students that withdrew. A total of 7 of the sampled students withdrew, resulting in an error rate of 42%*

Student 7

The institution based this student's R2T4 calculation upon a withdrawal date of 03/09/2011, which resulted in a determination that no unearned Title IV, HEA funds were to be returned to the Department

However, the date of the student's communication of his intent to withdraw was 03/01/2011. Calculating the R2T4 with the correct withdrawal date of 03/01/2011 shows that 55.2% of the disbursed Title IV, HEA funds were earned by the student, and 44.8% of the disbursed funds were unearned and were therefore required to be returned to the Department, in the amount of \$5,395.26 in unsubsidized Direct Loan.

Student 11

The institution based this student's R2T4 calculation upon a withdrawal date of 06/01/2011. However, the institution did not calculate the percentages of earned and unearned Title IV, HEA funds. Instead, the institution entered "0%" for the student's percentage of earned funds, though in fact returned the amount of funds necessary to bring the student's account to a zero balance. \$5,970.00 in unsubsidized Direct Loan and \$623.00 in subsidized Direct Loan were returned to the Department

Calculating the R2T4 using the student's last date of attendance of 05/31/2011 as reflected in the institution's attendance records determines that 28.6% of the disbursed Title IV, HEA funds were earned by the student, and 71.4% of the disbursed funds were unearned and were therefore required to be returned to the Department, in the amount of \$4,707.40 in unsubsidized Direct Loan.

Student 15

For the term beginning 09/06/2010, the institution calculated R2T4 based upon a 09/24/2010 date of withdrawal, resulting in 18.1% percent of Title IV, HEA funds having been considered earned and 81.9% considered unearned. However, the attendance records for this student indicate that the student failed to establish attendance in any of his courses for this term. Therefore, 100% of the disbursed Title IV, HEA funds were unearned and were required to have been returned to the Department.

Required Action: *Cooley must revise the above noted R2T4 calculations. In addition, due to the systemic nature of this finding it is necessary to determine the extent of noncompliance. Therefore, Cooley must perform a file review for all students that withdrew or received all non-passing grades for any term during the 2010-11 award year*

Cooley must compile the results of its file review in an Excel spreadsheet, as detailed below. (A sample spreadsheet in the required format will be provided upon request.)

1 Student's Name

- 2 Last four digits of the student's Social Security Number
- 3 Last Date of Attendance (LDA)
- 4 Percentage of Title IV, HEA funds earned (original calculation)
- 5 Percentage of Title IV, HEA funds earned (revised calculation)
- 6 Additional amount due (if any)

In addition, for each student identified on the spreadsheet the following supporting documentation must be included with the institution's response:

- Copy of the original Return of Title IV funds worksheet
- Copy of the revised Return of Title IV funds worksheet
- Copy of the student's account ledger
- Copy of the attendance record that documents the student's LDA
- Copy of written notification of intent to withdraw (if any)

Thomas M. Cooley Law School will be liable for the additional Title IV, HEA funds owed as a result of the incorrect Return of Title IV funds calculations. Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

Please e-mail spreadsheets to lytashia.davis@ed.gov and mail paper documents to: U.S. Department of Education, Attention Lytashia Davis, 500 West Madison, Suite 1576, Chicago, IL 60654

As part of its response to this program review report Cooley must also develop and implement written step-by-step procedures to ensure that all future return calculations are performed correctly. These procedures must clearly designate the individual(s) and office responsible for determining official and unofficial student withdrawals and for completing return calculations; they must ensure that the return process is completed timely and in a consistent manner. A copy of the procedures must be submitted as part of Cooley's response to this program review report.

Cooley's Response(Abbrev.): In response to the citation of the requirement to determine the amount of Title IV assistance the student earned as of their withdrawal date, the school acknowledges it needs to use the last date of attendance as the date of withdrawal according to 34 C.F.R. § 668.22 (b)(1), for Juris Doctor (JD) students. Since attendance is not required for Masters of Law (LLM) students, the school would refer to 34 C.F.R. § 668.22 (c)(1). This distinction was not made in the Program Review Report.

On the requirement to return all Title IV funds for a student who does not establish attendance, the following interpretation is offered. A school is allowed to disburse loan funds 10 days in advance of the start of the semester, a practice Cooley employs in most cases. Since on-campus housing is not provided to any student, students receive living expenses paid to them in the form of a check or direct deposit to their bank account. According to 34 C.F.R. § 668.21, if a school does not know at the time of disbursement the student would not be attending, they are not required to return Direct Loan funds disbursed to the student; the school needs to notify the lender or Secretary so they can issue a final demand letter. Please note in the Return of Title IV funds (R2T4) calculations, in some cases, students not establishing attendance receive proceeds prior to the school's knowledge the student would not be attending. In these cases, a letter is sent to the student instructing them to return the proceeds, and the Secretary is notified to issue a demand letter.

The Law School is committed to ensuring all calculations for the Return of Title IV funds are accurate and completed in a timely manner. As result of the exit conference with the Department

in September, 2011 it was understood the procedures surrounding this process needed improvement. The school has identified the various steps taken to ensure all withdrawals are captured and calculations completed. The Return of Title IV Funds policy is attached in Appendix C.

The following are the responses to the students noted in the finding:

Student 7: Student 7 referenced in Appendix A was not enrolled for the Jan-11 semester, and therefore did not withdraw on 3/9/11. As a result, there was no original R2T4 calculation, and as a result, no calculation to revise.

Student 11: In the case of Student 11, she began her enrollment in the Sep-10 semester, earning a 2.00 GPA when grades were posted in January, 2011. For the Jan-11 semester she received all "F's" and was academically dismissed on June 1, 2011. Based on her Sep-10 GPA, Student 11 was eligible for loan funds at the beginning of the May-11 semester. Once grades for the Jan-11 semester were posted, however, she was academically dismissed, and all loan funds posted to her account for tuition and fees were returned. She had already received funds for living expenses. See additional information about the posting of grades, and our SAP policy in Findings 3 and 4.

Student 15:

Student 15 was enrolled for the entire Sep-10 semester, and therefore never withdrew. As a result there was no original R2T4 calculation, and therefore, no calculation to revise.

Final Determination: Cooley has satisfactorily addressed the three students in the finding. For the file review of all students, Cooley made appropriate Return of Title IV adjustments for all students that withdrew or were dismissed, thereby resolving the liabilities for the financial loss that would have resulted from the revised R2T4 calculations.

The Return of Title IV Policy and Procedures required in response to this finding were received with the institution's response. The written policy and procedures appear to be adequate to ensure future compliance. Cooley acknowledges their responsibility to follow the required steps for all students that withdraw or are dismissed. Therefore, these findings may be considered closed. Appendices C and E contain Cooley's written response related to the resolved findings, including the summary of the Return of Title IV Policy and Procedures.

The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds.

Finding 3: Return of Title IV (R2T4) Not Made

Citation: *When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1)*

If the total amount of Title IV, HEA funds earned exceeds the amount of funds disbursed to the student, the institution must make the difference between these amounts available to the student as a post-withdrawal disbursement (PWD). 34 C.F.R. § 668.22 (a)(5)

Noncompliance: *The institution failed to complete R2T4 calculations and failed to offer post-withdrawal disbursements to the following 2 students that withdrew. A total of 7 of the sampled students withdrew, resulting in an error rate of 28%.*

Student 8

This student established attendance in the term starting 05/02/2011 and attended through 05/25/2011, earning 22.9% of the Title IV, HEA funds that had been awarded to the student but had not yet been disbursed. Cooley failed to make the requisite post-withdrawal disbursement of \$2335.57 in subsidized Direct Loan available to the student.

Student 12

This student established attendance in the term starting 05/02/2011 and attended through 05/22/2011, earning 20% of the Title IV, HEA funds that had been awarded to the student but had not yet been disbursed. Cooley failed to make the requisite post-withdrawal disbursement of \$2039.80 in subsidized Direct Loan available to the student.

Required Action: *The institution must complete an R2T4 calculation worksheet and PWD worksheet (if applicable) for every student that withdraws from the institution either officially or unofficially. Withdrawn students who earn a portion of their Title IV, HEA funds must be offered a post-withdrawal disbursement to help cover expenses incurred while attending. Therefore, the institution must immediately enact written procedures to ensure that R2T4 and PWD worksheets are completed for every student that withdraws and that all required PWDs are actually offered and disbursed. These procedures must define the R2T4 and PWD process, clearly delineating who is responsible for specific functions in the R2T4 and PWD process and the timeframes in which the functions will be accomplished. A copy of the written procedures must be submitted as part of Cooley's response to this program review report.*

Cooley's Response: The Law School recognizes the need to determine Post Withdrawal Disbursement (PWD) for students earning more aid than was disbursed, and has made the following changes to remedy the concerns raised in the citation. Procedures have been established to identify all students eligible for a PWD, which are included in the Return of Title IV Funds Policy attached.

At Cooley, grades for the preceding semester are reported in week 4 of the following semester and officially posted to the student record in week 5 of the semester. As a result, the determination of Satisfactory Academic Progress (SAP) is measured in the subsequent semester. For this reason, students entering their second semester and those on academic probation are allowed to attend provisionally until grades are determined and posted. Loan funds are not requested for those students until it is determined that SAP is being met. The students are made aware of this policy when they matriculate at Cooley and when placed on academic probation. When a student is academically dismissed as a result of their grades, the school refunds 100% of tuition and fees, and the student receives no loan funds because they are ineligible based on the SAP policy and related regulations.

Student 8. An R2T4 has been completed, but shows no aid that could have been disbursed. The student was ineligible to receive aid for two reasons. She was academically dismissed per the school's policy, and did not have an ISIR on file.

Student 12. An R2T4 has been completed for the Sep-10 semester, but shows no aid that could have been disbursed because there was no ISIR on file. The student was in attendance for the entire May-11 semester, and did not withdraw as outlined in the finding.

Final Determination: Cooley has satisfactorily addressed the two students in the finding. For the file review of all students, Cooley's Return of Title IV file review confirmed students were not eligible for a post-withdrawal disbursement. Cooley has taken the corrective actions necessary to resolve finding # 3 of the program review report.

The Return of Title IV Funds Policy and Procedures, which includes a step on post-withdrawal disbursements, required in response to this finding were received with the institution's response. The written policy and procedures appear to be adequate to ensure future compliance. Cooley acknowledges their responsibility to follow the required steps for all students that withdraw or are dismissed. Therefore, these findings may be considered closed. Appendices C and E contain Cooley's written response related to the resolved findings, including the summary of the post-withdrawal disbursements.

The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds.

Appendix B: Program Review Report

Prepared for
Thomas M. Cooley Law School

Federal Student

Program Review Report
February 2, 2015

OPE ID: 01262700
PRCN: 201140827661

U.S. Department of Education
Federal Student Aid
Chicago-Denver School Participation Division

Program Review Report February 2, 2015

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A. Institutional Information

Thomas M. Cooley Law School
300 South Capitol Avenue
Lansing, MI 48901

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Accrediting Agency: American Bar Association, Higher Learning Commission

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B. Scope of Review

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The focus of the review was to determine Cooley's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Cooley's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

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Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Cooley's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Cooley of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Cooley to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Verification violations

Citation: An institution must require an application whose FAFSA information is selected for verification by the Department to verify certain information. *34 C.F.R. § 668.54(u)*. Student

taxes paid and student untaxed income are among the required items that must be verified. 34 *C.F.R. § 668.56(a)*.

Noncompliance: The institution failed to properly complete verification for the following 2 students that were selected for verification. A total of 4 of the sampled students were selected for verification, resulting in an error rate of 50%.

Student 2

The Form 1040A tax return in the student's file shows \$1,842 for the student's tax paid. However, the 2010-11 ISIR in the student's file incorrectly shows \$4,097 for the student's tax paid.

Student 3

The 2010-11 ISIR in the student's file shows zero for student untaxed income. However, the student's file contained a Form 1099-G showing \$20,080 in unemployment income. The first \$2,400 of this unemployment income was untaxed, and therefore should have been verified as untaxed income.

Required Action: For student 2, the institution must revise the student's ISIR to reflect the correct amount for student tax paid, and a new needs analysis calculation must be performed to determine if the student's eligibility has changed. For student 3, the institution must revise the student's ISIR to reflect the untaxed unemployment income of \$2,400 as student untaxed income, and a new needs analysis calculation must be performed to determine if the student's eligibility has changed. Further, as the 50% error rate constitutes a systemic finding, Cooley must perform a file review of all students selected by the Secretary for verification for the 2010-11 award year in order to determine if the verifications performed for the students were accurate and resulted in accurate awards. Cooley will be liable for any ineligible funds disbursed to these students if verification results in a change to the student's Expected Family Contribution (EFC). Copies of all documentation to support the completion of verification for these students must be submitted with the institution's response to this program review report.

Needs Analysis Instructions

*The 2010-2011 award year is closed; as such, changes to the ISIR cannot be made. Therefore, Cooley must go to the following website and complete a needs analysis calculation for each student selected for verification:

<http://www.finaid.org/calculators/finaidestimate.phtml>

Scroll down and selected the most recent award year available. Enter all of the correct ISIR data and then selected "calculate" at the bottom of the page – you do not need to complete the estimated school costs section. Print the final calculation and write the student's name at the top of each page.

Cooley must compile the results of its file review in an Excel spreadsheet, as detailed below. (A sample spreadsheet in the required format will be provided upon request.)

1. Student's Name
2. Original EFC
3. Revised EFC
4. Original Subsidized Direct Loan Award
5. Revised Subsidized Direct Loan Award
6. Award difference for Subsidized Direct Loan
7. Original Unsubsidized Direct Loan Award
8. Revised Unsubsidized Direct Loan Award
9. Award difference for Unsubsidized Direct Loan

Students should be listed alphabetically. All loan amounts should reflect the certified amounts, not the disbursed net amount.

Cooley must collect any missing documentation, as determined by its file review, and perform all required verification and need analyses* to confirm each student's eligibility if data was revised as a result of verification. In cases where information on verification worksheets is revised, the changes must be initialed and each required person(s) must sign the worksheets again. The results of the file review are subject to verification by the Department.

The completed spreadsheets must be submitted in an electronic format as part of Cooley's response to this program review report. In addition, copies of the following documents must be submitted for each student selected for verification:

1. Original ISIR
2. Needs Analysis/EFC recalculation
3. Verification Worksheet
4. Income Tax Returns and/or W-2's
5. Other documents collected as a result of verification (letters, citizenship documents, selective service, etc.)

Please e-mail spreadsheets to lytashia.davis@ed.gov and mail paper documents to: U.S. Department of Education, Attention Lytashia Davis, 500 West Madison, Suite 1576, Chicago, IL 60654.

As part of its response to this finding, Cooley must also implement written procedures that address conflicting information and how conflicting information will be resolved. In addition, these procedures must clearly inform the institution's staff that all conflicting information must be resolved prior to disbursing any Title IV, HEA funds. Payment instructions for any liability resulting from this finding will be provided in the Department's Final Program Review Determination Letter.

Finding 2: Return to Title IV (R2T4) Calculation Errors

Citation: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1)

When a student provides official notification to the institution of his or her intent to withdraw, the date of this notification is considered the student's date of withdrawal. 34 C.F.R. § 668.22 (c)(1)(ii)

If the total amount of Title IV assistance that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. 34 C.F.R. § 668.22(a)(4)

If a student does not establish attendance, the institution must return all Title IV, HEA funds that were credited to the student's account. 34 C.F.R. § 668.21 (a)(1)

Noncompliance: The institution failed to accurately complete R2T4 calculations for the following 3 students that withdrew. A total of 7 of the sampled students withdrew, resulting in an error rate of 42%.

Student 7

The institution based this student's R2T4 calculation upon a withdrawal date of 03/09/2011, which resulted in a determination that no unearned Title IV, HEA funds were to be returned to the Department.

However, the date of the student's communication of his intent to withdraw was 03/01/2011. Calculating the R2T4 with the correct withdrawal date of 03/01/2011 shows that 55.2% of the disbursed Title IV, HEA funds were earned by the student, and 44.8% of the disbursed funds were unearned and were therefore required to be returned to the Department, in the amount of \$5,395.26 in unsubsidized Direct Loan.

Student 11

The institution based this student's R2T4 calculation upon a withdrawal date of 06/01/2011. However, the institution did not calculate the percentages of earned and unearned Title IV, HEA funds. Instead, the institution entered "0%" for the student's percentage of earned funds, though in fact returned the amount of funds necessary to bring the student's account to a zero balance. \$5,970.00 in unsubsidized Direct Loan and \$623.00 in subsidized Direct Loan were returned to the Department.

Calculating the R2T4 using the student's last date of attendance of 05/31/2011 as reflected in the institution's attendance records determines that 28.6% of the disbursed Title IV, HEA funds were earned by the student, and 71.4% of the disbursed funds were unearned and were therefore required to be returned to the Department, in the amount of \$4707.40 in unsubsidized Direct Loan.

Student 15

For the term beginning 09/06/2010, the institution calculated R2T4 based upon a 09/24/2010 date of withdrawal, resulting in 18.1% percent of Title IV, HEA funds having been considered earned and 81.9% considered unearned. However, the attendance records for this student indicate that the student failed to establish attendance in any of his courses for this term. Therefore, 100% of the disbursed Title IV, HEA funds were unearned and were required to have been returned to the Department.

Required Action: Cooley must revise the above noted R2T4 calculations. In addition, due to the systemic nature of this finding it is necessary to determine the extent of noncompliance. Therefore, Cooley must perform a file review for all students that withdrew or received all non-passing grades for any term during the 2010-11 award year.

Cooley must compile the results of its file review in an Excel spreadsheet, as detailed below. (A sample spreadsheet in the required format will be provided upon request.)

1. Student's Name
2. Last four digits of the student's Social Security Number
3. Last Date of Attendance (LDA)
4. Percentage of Title IV, HEA funds earned (original calculation)
5. Percentage of Title IV, HEA funds earned (revised calculation)
6. Additional amount due (if any)

In addition, for each student identified on the spreadsheet the following supporting documentation must be included with the institution's response:

- Copy of the original Return of Title IV funds worksheet
- Copy of the revised Return of Title IV funds worksheet
- Copy of the student's account ledger
- Copy of the attendance record that documents the student's LDA
- Copy of written notification of intent to withdraw (if any)

Thomas M. Cooley Law School will be liable for the additional Title IV, HEA funds owed as a result of the incorrect Return of Title IV funds calculations. Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

Please e-mail spreadsheets to lytashia.davis@ed.gov and mail paper documents to: U.S. Department of Education, Attention Lytashia Davis, 500 West Madison, Suite 1576, Chicago, IL 60654.

As part of its response to this program review report Cooley must also develop and implement written step-by-step procedures to ensure that all future return calculations are performed correctly. These procedures must clearly designate the individual(s) and office responsible for determining official and unofficial student withdrawals and for completing return calculations; they must ensure that the return process is completed timely and in a consistent manner. A copy of the procedures must be submitted as part of Cooley's response to this program review report.

Finding 3: Return to Title IV (R2T4) Not Made

Citation: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1)

If the total amount of Title IV, HEA funds earned exceeds the amount of funds disbursed to the student, the institution must make the difference between these amounts available to the student as a post-withdrawal disbursement (PWD). 34 C.F.R. § 668.22 (a)(5)

Noncompliance: The institution failed to complete R2T4 calculations and failed to offer post-withdrawal disbursements to the following 2 students that withdrew. A total of 7 of the sampled students withdrew, resulting in an error rate of 28%.

Student 8

This student established attendance in the term starting 05/02/2011 and attended through 05/25/2011, earning 22.9% of the Title IV, HEA funds that had been awarded to the student but had not yet been disbursed. Cooley failed to make the requisite post-withdrawal disbursement of \$2335.57 in subsidized Direct Loan available to the student.

Student 12

This student established attendance in the term starting 05/02/2011 and attended through 05/22/2011, earning 20% of the Title IV, HEA funds that had been awarded to the student but had not yet been disbursed. Cooley failed to make the requisite post-withdrawal disbursement of \$2039.80 in subsidized Direct Loan available to the student.

Required Action: The institution must complete an R2T4 calculation worksheet and PWD worksheet (if applicable) for every student that withdraws from the institution either officially or unofficially. Withdrawn students who earn a portion of their Title IV, HEA funds must be

offered a post-withdrawal disbursement to help cover expenses incurred while attending. Therefore, the institution must immediately enact written procedures to ensure that R2T4 and PWD worksheets are completed for every student that withdraws and that all required PWDs are actually offered and disbursed. These procedures must define the R2T4 and PWD process, clearly delineating who is responsible for specific functions in the R2T4 and PWD process and the timeframes in which the functions will be accomplished. A copy of the written procedures must be submitted as part of Cooley's response to this program review report.

Finding 4: Satisfactory Academic Progress Policy Not Adequately Developed

Citation: An institution's Satisfactory Academic Progress (SAP) policy must include a maximum timeframe component. For a graduate program, this is a period defined by the institution that is based upon the length of the program. 34 C.F.R. § 668.34(b)

The program integrity regulations published on October 29, 2010 included numerous revisions concerning SAP, with an effective date of July 1, 2011 for those changes. Among those changes the terminology, definitions, and uses for SAP statuses (e.g., Financial Aid Warning, Financial Aid Probation, Appeal etc.) have been standardized, and institutions must ensure SAP policies adhere to these criteria. 34 C.F.R. § 668.34(b)

Noncompliance: The SAP policy provided by Cooley describes a "Notice" status, in which a student who fails to maintain the required minimum 2.0 cumulative Grade Point Average (GPA) remains eligible for one probationary term, following which the student must meet the 2.0 cumulative GPA requirement or become ineligible for Title IV, HEA funds. The regulatory changes that became effective July 1, 2011 require this probationary period to be referred to as Financial Aid Warning.

In addition, while the provided SAP policy does specifically define a required pace of completion of earning a cumulative average of 5 credits per term, it does not specifically define a maximum timeframe.

Required Action: Cooley explained to the review team that the 5 credits per term pace of completion component of its SAP policy was based upon the American Bar Association (ABA)'s requirement that the 60 credit program of study must be completed within 6 years. Cooley must provide with its response to this program review report an updated SAP policy that clearly defines the maximum timeframe component.

In addition, this revised policy must incorporate the new terminology, definitions, and uses for the SAP statuses employed by Cooley (Financial Aid Warning, Financial Aid Probation, etc.).

D. Recommendations

The following is a recommendation based upon observations made by the review team during the program review. Cooley is not required to provide a response to, nor is Cooley required to act upon, this recommendation. However, the review team believes that adoption of this recommendation will assist Cooley in its administration of Title IV, HEA program funds.

Cooley's written professional judgment (PJ) policy specifically states that when a PJ is performed, any changes are to be submitted as a FAFSA correction via FAA Access to CPS. The review team noted instances in which Cooley did not submit FAFSA corrections (instead recalculating Expected Family Contribution through the institution's financial aid software), or in which FAFSA corrections were submitted through FAA Access to CPS but the professional judgment flag was not changed to "Yes." It is recommended that Cooley take appropriate action to ensure that its written PJ policy is consistently applied.